



SENATE BILL 685: Modify Regulation of Proprietary Schools

2011-2012 General Assembly

Committee: Senate Finance
Introduced by: Sen. Apodaca
Analysis of: Second Edition

Date: May 17, 2011
Prepared by: Heather Fennell
Committee Counsel

SUMMARY: *Senate Bill 685 would create the State Board of Proprietary Schools in the North Carolina Community Colleges System to oversee the licensing of proprietary schools in the State.*

CURRENT LAW: The State Board of Community Colleges (State Board) acting by and through the President of the Community College System has the authority to administer and enforce provisions regarding proprietary schools and issue licenses to proprietary schools.

BILL ANALYSIS:

Section 1: The State Board of Proprietary Schools (SBPS) would be created within the North Carolina Community College System.

Membership: The SBPS would have 7 members including the following:

- The President of the North Carolina Community College System or the President's designee.
- 2 members appointed by the Governor.
- 2 members appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate. One appointee must be the owner or director of a proprietary school with less than 100 students, and one appointee must be the owner or director of a proprietary school with more than 750 students.
- 2 members appointed by the General Assembly upon the recommendation of the Speaker of the House. One appointee must be the owner or director of a proprietary school with between 100 and 750 students, and one appointee must be the owner or director of a proprietary school.

The appointing authorities would be required to appoint members with a demonstrated history of experience in proprietary or public postsecondary education, an understanding of standards of quality in postsecondary education, and leadership beyond a particular institution. The members would serve staggered 6 year terms and may not serve more than 2 consecutive 6 year terms.

Office and Staff: The Office of the SBPS would be the principal administrative unit under the SBPS. The SBPS would have the authority to recommend for adoption and to administer all policies, regulations, and standards it deems necessary for the operation of the Office of the SBPS. An executive director may be hired or there may be a contract with an outside consultant to serve as the executive director. Compensation would be from funds provided by fee from the Commercial Education Fund. Other employees maybe hired as deemed necessary. The executive director would be required to provide an annual projected operating budget to the SBPS which would have to approve the budget from funds provided by fees deposited in the Commercial Education Fund.

Authority and Responsibilities: The SBPS would provide the State Board with written recommendations concerning applicants for licenses and annual renewal applications for licenses. It would also have to prepare a certificate of license for approval by the State Board that reflects the SBPS's recommendation. The SBPS shall be required to report annually to the State Board on the

Senate Bill 685

Page 2

number of schools receiving initial licenses during the previous year; a list of currently licensed proprietary schools; school closures including catastrophic closures; complaints received and resulting actions; total fees received, and balances of the Commercial Education and Student Protection Funds.

Sections 2-9: These sections would make conforming changes in the Article on Proprietary Schools. The SBPS would be given the authority to establish reasonable fees for licenses, renewals, and approvals granted and for inspections in accordance with Chapter 150B of the General Statutes. Both the Commercial Education Fund and the Student Protection Fund would be administered by the SBPS with the SBPS serving as the Student Protection Advisory Committee. The State Board would continue to hold any bonds executed by a proprietary school.

Sections 10-11: The two positions in the Community System Office of Proprietary Schools would be terminated effective July 1, 2011. Appointments to the SBPS would have to be made within 30 days after the effective date of the act.

EFFECTIVE DATE: Sections 1-9 of the bill would become effective January 1, 2012. Section 10 would become effective July 1, 2011 and the remainder of the bill would become effective when it becomes law.

Drupti Chauhan, counsel to Senate Education, substantially contributed to this summary.

S685-SMTD-51(e2) v3